
A BILL FOR AN ACT

RELATING TO STATE ACQUISITION OR DEVELOPMENT OF REAL PROPERTY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that a significant
2 portion of the State's public employee work force is
3 concentrated in downtown Honolulu. Because of increasing
4 workloads or customer bases, many state agencies and offices are
5 outgrowing existing office space and aging infrastructure. The
6 problem is current and only growing. As recently as December
7 2014, the State was leasing approximately 420,888 square feet of
8 office space in downtown Honolulu. The State currently expends
9 approximately \$10,150,000 to rent office space. Thus, there is
10 already a pressing need for the State to identify and acquire or
11 develop additional office space in urban Honolulu to accommodate
12 state governmental agencies and offices so they can properly
13 serve the public and to help the State reduce its expenses.

14 The legislature further finds that the building known as
15 Alii Place, located on the parcels of land identified as TMK (1)
16 2-1-017-008-0000, 2-1-017-008-0001, and 2-1-017-008-0002 and
17 situated within Honolulu's central business district facing
18 Hotel Street between Alakea and Richards Streets across from



1 Iolani Palace is centrally located to the Capitol and other
2 state office buildings. Alii Place is a Class "A" office tower
3 and contains a net rentable area of approximately 337,370 square
4 feet of space, approximately 114,663 square feet of which is
5 currently available to accommodate state agencies and offices
6 that are currently renting space in various private commercial
7 buildings.

8 The legislature further finds that acquiring and developing
9 Alii Place for state offices will benefit the State and the
10 public by centralizing the location of state services and
11 ultimately reducing the cost of providing office space for state
12 agencies and offices. The purchase price of Alii Place will be
13 subject to an appraisal by the State and subsequent
14 negotiations. Preliminary discussions indicate that the current
15 owners are seeking approximately \$90,000,000 for the leasehold
16 sale of Alii Place.

17 The purpose of this Act is to appropriate funds to plan for
18 and acquire or develop the leasehold interest in TMK (1) 2-1-
19 017-008-0000, 2-1-017-008-0001, and 2-1-017-008-0002, acquire
20 the building thereon, and pay the first two years of debt
21 service if and when the acquisition is accomplished.



1 SECTION 2. The department of land and natural resources
2 shall engage to acquire the leasehold interest in the land
3 identified as TMK (1) 2-1-017-008-0000, 2-1-017-008-0001, and 2-
4 1-017-008-0002 and to acquire the building thereon, to be
5 financed by certificates of participation.

6 SECTION 3. If the leasehold and the building are acquired
7 by the department of land and natural resources, the department
8 of accounting and general services shall manage the property in
9 accordance with section 26-6(b)(6), Hawaii Revised Statutes.

10 SECTION 4. There is appropriated out of the general
11 revenues of the State of Hawaii the sum of \$500,000 or so much
12 thereof as may be necessary for fiscal year 2015-2016 and the
13 same sum or so much thereof as may be necessary for fiscal year
14 2016-2017 to pay the costs of the State's due diligence,
15 appraisal, closing costs, consultant services, legal services,
16 and other costs incurred by the department of land and natural
17 resources in connection with the transaction to acquire the
18 leasehold interest in the land identified as TMK (1) 2-1-017-
19 008-0000, 2-1-017-008-0001, and 2-1-017-008-0002 and to acquire
20 the building thereon.



1 The sums appropriated shall be expended by the department
2 of land and natural resources for the purposes of this Act.

3 SECTION 5. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$3,750,000 or so much
5 thereof as may be necessary for fiscal year 2015-2016 and the
6 sum of \$7,500,000 or so much thereof as may be necessary for
7 fiscal year 2016-2017 to pay debt service on certificates of
8 participation issued to obtain the leasehold interest in TMK (1)
9 2-1-017-008-0000, 2-1-017-008-0001, and 2-1-017-008-0002 and
10 acquire the building thereon.

11 The sums appropriated shall be expended by the department
12 of accounting and general services for the purposes of this Act.

13 SECTION 6. This Act shall take effect on July 1, 2050.



Report Title:

State Acquisition; Real Property; Appropriation; Alii Place;
DLNR; DAGS

Description:

Authorizes and appropriates funds for the State's acquisition of the leasehold interest in the land and the acquisition of the building at Alii Place in downtown Honolulu for the purpose of housing state agencies and offices. Effective 7/1/2050. (SD2)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

